

**Commonwealth of Kentucky
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FOR IMMEDIATE RELEASE

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Insurance Consumers Should Buy with Caution
Commissioner urges consumers to ask questions, understand products

FRANKFORT, Ky. (March 1, 2010) – You may have seen the Internet pop-up ads, commercials on late night television, faxes or postcards – all promising a low-cost product that will cover all of your health care needs. In today's economy, some of these offers seem like the answer to consumer concerns.

Kentucky Insurance Commissioner Sharon P. Clark is warning residents to be very cautious when evaluating such offers.

"Our Consumer Protection division is noting a troubling increase in calls and complaints about entities making claims that are misleading, confusing or outright deceptive," Clark said. "Consumers should ask questions and be very careful before they sign up for any of these products."

Clark cautions consumers to be aware that health discount plans, which offer savings on health care services ranging from doctor visits to prescription drugs, are not insurance. Most provide a "membership" for a monthly fee. Health discount plans are under the jurisdiction of Kentucky's Office of the Attorney General.

"These plans are not a substitute for a health or Medicare supplement plan," Clark said.

In addition, some companies are offering limited health plans, often marketed as cancer only, specific disease, hospital cash or indemnity plans. As the name suggests, these plans offer limited benefits and are generally sold to supplement a comprehensive health insurance plan, not as an alternative.

While health discount plans and limited health plans may be appropriate for some consumers, Commissioner Clark said that is not the case with unauthorized "health insurance" products being sold by fly-by-night entities.

"These companies are not authorized to sell health insurance in Kentucky. They sell a product to consumers with no intention of providing benefits. By the time we find out about these groups, consumers have been harmed and the company is usually gone, taking the money with them," Clark said.

Clark offers these tips to consumers:

- If the company is selling a health insurance product, contact the Department of Insurance to be sure the entity is authorized to do business in Kentucky. If an agent is involved in an insurance sale, you will want to be sure he/she is licensed. Consumers with questions or concerns about any insurance product may call the department at 800-595-6053 (Kentucky) or 502-564-3630 (outside Kentucky) and ask to speak to a Consumer Protection investigator. Clark urges consumers to make the call before purchasing.
- Ask questions and understand what you are buying. If something seems too good to be true, it usually is. Be sure you have read all the material and know what you are buying before you sign any documents, particularly those asking for bank or credit card information.
- Be extremely cautious about doing business with an entity if you are asked for a credit card number or other payment for an "association membership" prior to receiving a quote.
- If you are purchasing a limited health plan, be sure you know the limitations of the coverage, as well as any exclusions or coverage gaps.
- If you are buying a product online, observe the usual safe shopping tips such as being sure the Web site is secure. Be sure to locate a physical and mailing address for any entity. Be sure a phone number is listed and that the number

is working. Keep copies of everything you submit.

- When purchasing what appears to be an insurance product, watch for red flags including:
 - o a cost much lower than traditional health insurance premiums,
 - o applications accepted with little or no underwriting for medical conditions,
 - o a health plan that claims to be exempt from state regulation, and
 - o a plan that claims to be an alternative to traditional health insurance.

Consumers can search for a company or agent by going to the Department of Insurance Web site at <http://insurance.ky.gov>.